

FISCAL NOTE FOR NON-CAPITAL PROJECTS

Department:	Contact Person/Phone:	CBO Analyst/Phone:
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Legislation Title:

AN ORDINANCE relating to water services of Seattle Public Utilities; revising facilities charges for service to wholesale customers, and amending Seattle Municipal Code Chapter 21.04.440 in connection therewith.

Summary of the Legislation:

This ordinance would adjust certain charges to wholesale water customers of the Seattle Regional Water Supply System consistent with the provisions of the Full and Partial Requirements Contract for Supply of Water between Seattle Public Utilities (SPU) and these utilities.

Background:

The majority of Seattle's water wholesale contracts require wholesale customers to pay SPU a one-time, new service fee (or facilities charge) when they connect new retail customers to their water distribution systems. The facilities charge is based on the cost of new water supply investments, which include regional water conservation. This is the "growth pays for growth" concept of the contracts.

The facilities charge is structured such that connection size is used as a proxy for demand, with 5/8" and 3/4" connections paying \$783, 1" connections paying \$1,566, and so on. The requirement for residential sprinkler systems, which necessitates increasing a connection from 5/8" or 3/4" to 1" with no expected increase in demand, varies across the wholesale service area. The Operating Board of the Seattle Regional Water Supply System has expressed concern that size is no longer a valid proxy for demand for these sizes. Seattle has proposed combining all 1" and smaller connections into one facilities charge of \$877, and the Operating Board supports this change.

Please check one of the following:

☒ **This legislation does not have any financial implications.**

☐ **This legislation has financial implications.**

Other Implications:

- a) **Does the legislation have indirect financial implications, or long-term implications?**
No.

b) What is the financial cost of not implementing the legislation?

There would be no financial cost to Seattle ratepayers. This legislation has implications for customers within the wholesale service area, who be paying either \$93 more or \$689 less for their connection. However, because the combined rate is weighted by demand for each connection size, overall revenues will not change, causing no fiscal impact to Seattle.

c) Does this legislation affect any departments besides the originating department?

No.

d) What are the possible alternatives to the legislation that could achieve the same or similar objectives?

No alternative would achieve similar objectives.

e) Is a public hearing required for this legislation?

No.

f) Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?

No.

g) Does this legislation affect a piece of property?

No.

h) Other Issues:

None.

List attachments to the fiscal note below:

None.